

APPENDIX 4

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION

Discussion and Analysis of Unaudited Financial Statements

For the Period July 1, 2016 through April 30, 2017

The April 30, 2017 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the ten months ended April 30, 2017 shows a total difference of \$ 291,326 or 20.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$306,386 or 38.7% under budget. The Legal costs anticipated in the budget have been much less to date than originally considered.

No Capital assets have been purchased during the first ten months of the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2017

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$106,919	\$ -	\$ 106,919
Prepaid items	\$108	-	108
	107,027	-	107,027
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ 107,027</u>	<u>-</u>	<u>\$ 107,027</u>
Liabilities			
Liabilities:			
Accounts payable	41,268	-	41,268
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	38,735		38,735
Compensated absences	0	\$49,291	49,291
Total liabilities	<u>\$ 105,461</u>	<u>\$ 49,291</u>	<u>\$ 154,752</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	108	(108)	-
Unreserved, undesignated	1,458	(1,458)	-
Total fund balance	<u>1,566</u>	<u>(1,566)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 107,027</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(47,726)	(47,726)
Total net assets		<u>\$ (47,726)</u>	<u>\$ (47,726)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2017

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,025,000	-	\$ 1,025,000
General revenues:			
Investment earnings	10	-	10
Miscellaneous Income	0	-	-
Total revenues	1,025,010	-	1,025,010
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	609,510	-	609,510
Legal and professional services	485,614	-	485,614
Travel	3,253	-	3,253
Insurance	14,472	-	14,472
Other	10,396	-	10,396
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	1,123,244	-	1,123,244
Change in fund balance	(98,234)	-	(98,234)
Change in net assets	-	-	-
Fund balance/net position - July 1, 2016	99,799	(49,291)	50,508
Fund balance/net position - April 30, 2017	\$ 1,565	\$ (49,291)	\$ (47,726)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2017

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,414,570	\$1,025,000	\$ (389,570)
Investment earnings	\$0	\$10	10
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,414,570</u>	<u>\$1,025,010</u>	<u>(389,560)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	564,320	609,510	(45,190)
Legal and professional services	792,000	485,614	306,386
Travel	5,000	3,253	1,747
Office expenses	4,500	1,719	2,781
Telephone and network	-	-	-
Insurance	14,000	14,472	(472)
Other	34,750	\$8,677	26,073
Capital outlay	-	-	-
Total expenditures	<u>1,414,570</u>	<u>1,123,244</u>	<u>291,326</u>
Change in fund balance	<u>\$ -</u>	<u>(98,234)</u>	<u>\$ (98,234)</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - April 30, 2017		<u>\$ 1,565</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2017

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$123,400	\$ -	\$ 123,400
Prepaid items	\$1,909	-	1,909
	125,309	-	125,309
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ 125,309</u>	<u>-</u>	<u>\$ 125,309</u>
Liabilities			
Liabilities:			
Accounts payable	50,450	-	50,450
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	10,776		10,776
Compensated absences	0	\$49,291	49,291
Total liabilities	<u>\$ 86,684</u>	<u>\$ 49,291</u>	<u>\$ 135,975</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	1,909	(1,909)	-
Unreserved, undesignated	36,716	(36,716)	-
Total fund balance	<u>38,625</u>	<u>(38,625)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 125,309</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(10,668)	(10,668)
Total net assets		<u>\$ (10,668)</u>	<u>\$ (10,668)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the nine months ended
 March 31, 2017

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 925,000	-	\$ 925,000
General revenues:			
Investment earnings	9	-	9
Miscellaneous Income	0	-	-
Total revenues	<u>925,009</u>	<u>-</u>	<u>925,009</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	545,829	-	545,829
Legal and professional services	414,346	-	414,346
Travel	3,253	-	3,253
Insurance	12,990	-	12,990
Other	9,767	-	9,767
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>986,185</u>	<u>-</u>	<u>986,185</u>
Change in fund balance	(61,176)	-	(61,176)
Change in net assets	-	-	-
Fund balance/net position - July 1, 2016	<u>99,799</u>	<u>(49,291)</u>	<u>50,508</u>
Fund balance/net position - March 31, 2017	<u>\$ 38,623</u>	<u>\$ (49,291)</u>	<u>\$ (10,668)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2017

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,273,113	\$925,000	\$ (348,113)
Investment earnings	\$0	\$9	9
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,273,113</u>	<u>\$925,009</u>	<u>(348,104)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	507,888	545,829	(37,941)
Legal and professional services	712,800	414,346	298,454
Travel	4,500	3,253	1,247
Office expenses	4,050	1,512	2,538
Telephone and network	-	-	-
Insurance	12,600	12,990	(390)
Other	31,275	\$8,255	23,020
Capital outlay	-	-	-
Total expenditures	<u>1,273,113</u>	<u>986,185</u>	<u>286,928</u>
Change in fund balance	<u>\$ -</u>	<u>(61,176)</u>	<u>\$ (61,176)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - March 31, 2017		<u>\$ 38,623</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2017

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$103,745	\$ -	\$ 103,745
Prepaid items	\$4,005	-	4,005
	<u>107,750</u>	<u>-</u>	<u>107,750</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 107,750</u>	<u>-</u>	<u>\$ 107,750</u>
Liabilities			
Liabilities:			
Accounts payable	51,997	-	51,997
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	8,010	-	8,010
Compensated absences	0	\$49,291	49,291
	<u>-</u>	<u>\$49,291</u>	<u>49,291</u>
Total liabilities	<u>\$ 85,465</u>	<u>\$ 49,291</u>	<u>\$ 134,756</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	4,005	(4,005)	-
Unreserved, undesignated	18,280	(18,280)	-
	<u>22,285</u>	<u>(22,285)</u>	<u>-</u>
Total fund balance	<u>22,285</u>	<u>(22,285)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 107,750</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(27,006)	(27,006)
		<u>(27,006)</u>	<u>(27,006)</u>
Total net assets		<u>\$ (27,006)</u>	<u>\$ (27,006)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes In Fund Balance
For the eight months ended
February 28, 2017

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 775,000	-	\$ 775,000
General revenues:			
Investment earnings	8	-	8
Miscellaneous Income	0	-	-
Total revenues	775,008	-	775,008
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	482,529	-	482,529
Legal and professional services	346,198	-	346,198
Travel	3,099	-	3,099
Insurance	11,509	-	11,509
Other	9,187	-	9,187
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	852,522	-	852,522
Change in fund balance	(77,514)	-	(77,514)
Change in net assets	-	-	-
Fund balance/net position - July 1, 2016	99,799	(49,291)	50,508
Fund balance/net position - February 28, 2017	\$ 22,285	\$ (49,291)	\$ (27,006)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2017

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,131,656	\$775,000	\$ (356,656)
Investment earnings	\$0	\$8	8
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,131,656</u>	<u>\$775,008</u>	<u>(356,648)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	451,456	482,529	(31,073)
Legal and professional services	633,600	346,198	287,402
Travel	4,000	3,099	901
Office expenses	3,600	1,334	2,266
Telephone and network	-	-	-
Insurance	11,200	11,509	(309)
Other	27,800	\$7,852	19,948
Capital outlay	-	-	-
Total expenditures	<u>1,131,656</u>	<u>852,522</u>	<u>279,134</u>
Change in fund balance	<u>\$ -</u>	<u>(77,514)</u>	<u>\$ (77,514)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - February 28, 2017		<u>\$ 22,285</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2017

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$212,696	\$ -	\$ 212,696
Prepaid items	\$6,143	-	6,143
	218,839	-	218,839
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	<u>\$ 218,839</u>	<u>-</u>	<u>\$ 218,839</u>
Liabilities			
Liabilities:			
Accounts payable	46,084	-	46,084
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	12,017		12,017
Compensated absences	0	\$49,291	49,291
Total liabilities	<u>\$ 83,559</u>	<u>\$ 49,291</u>	<u>\$ 132,850</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	6,143	(6,143)	-
Unreserved, undesignated	129,137	(129,137)	-
Total fund balance	<u>135,280</u>	<u>(135,280)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 218,839</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		85,989	85,989
Total net assets		<u>\$ 85,989</u>	<u>\$ 85,989</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2017

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 775,000	-	\$ 775,000
General revenues:			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total revenues	<u>775,007</u>	<u>-</u>	<u>775,007</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	422,017	-	422,017
Legal and professional services	300,267	-	300,267
Travel	1,893	-	1,893
Insurance	10,028	-	10,028
Other	5,321	-	5,321
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>739,526</u>	<u>-</u>	<u>739,526</u>
Change in fund balance	35,481	-	35,481
Change in net assets	-	-	-
Fund balance/net position - July 1, 2016	<u>99,799</u>	<u>(49,291)</u>	<u>50,508</u>
Fund balance/net position - January 31, 2017	<u>\$ 135,280</u>	<u>\$ (49,291)</u>	<u>\$ 85,989</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2017

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$990,199	\$775,000	\$ (215,199)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$990,199</u>	<u>\$775,007</u>	<u>(215,192)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	395,024	422,017	(26,993)
Legal and professional services	554,400	300,267	254,133
Travel	3,500	1,893	1,607
Office expenses	3,150	1,229	1,921
Telephone and network	-	-	-
Insurance	9,800	10,028	(228)
Other	24,325	\$4,092	20,233
Capital outlay	-	-	-
Total expenditures	<u>990,199</u>	<u>739,526</u>	<u>250,673</u>
Change in fund balance	<u>\$ -</u>	<u>35,481</u>	<u>\$ 35,481</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		<u>99,799</u>	
Fund balance/net position - January 31, 2017		<u>\$ 135,280</u>	